

Legislative Property Tax Study Committee
Department of Revenue
December 5, 2007

I. Iowa Sales & Use Tax Law

A. Iowa Code Chapter 423

1. 423.1 Definitions
2. 423.2 Tax Imposed
 - a.) Tax is on all sales of tangible personal property
 - b.) Tax is only imposed on specific or “enumerated” services
3. 423.3 Sales Tax Exemptions

B. Review of Statutory Sales and Use Tax Exemptions

1. Agricultural
2. Business and Manufacturing
3. Items or Services Specifically Exempted
4. Miscellaneous Exemptions and Provisions
5. Organizations Receiving Exemptions or Benefits from Exemptions
6. Streamlined Sales Tax Provisions
 - a.) Food
 - b.) Destination Sourcing – Delivery Charges
 - c.) Rental or Lease
 - d.) Product-based Exemptions or Entity-based Exemptions

C. Tax Expenditure Study

1. July 2001 covering information from 2000
(Note: The exemption numbers are from the 2000 Iowa Code provisions and are estimates only)
2. Department is working on a new Tax Expenditure Study to be released in 2008

3. Tax Credit Tacking and Analysis System

II. Tax on “Enumerated” Services

- A. Information from Tax Survey
- B. Listed by Classification
 - 1. SIC – Standard Industry Class
 - 2. NAIC – North American Industry Class
- C. Tax Classification – Taxable (S) or Exempt (E)
- D. New Category of Computer Online Services
 - 1. Digital or Downloaded Products
 - 2. Examples: Music, Video, Books, Computer Software, Ringtones, Photographs
- E. Professional Services
- F. Other States Taxations of Services
 - 1. More than 100: Delaware, Hawaii, New Mexico, South Dakota, Washington, West Virginia (Iowa – 94)
 - 2. Taxing Professional Services: Delaware, Hawaii, New Mexico, South Dakota, Washington
 - 3. Services that are the most taxed: Utility services, personal services, admissions/amusement services, repair services.

III. Questions or Follow-up